

Engagement Policy Implementation Statement (“EPIS”)

Docklands Light Railway Pension Scheme (the “Scheme”) Scheme Year End – 31 March 2024

The purpose of the EPIS is for us, the Trustees of the Docklands Light Railway Pension Scheme, to explain what we have done during the year ending 31 March 2024 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, most of the Scheme’s material investment managers were able to disclose adequate evidence of voting and/or engagement activity, and the activities completed by our managers align with our stewardship expectations.

We delegate the management of some of the Scheme’s assets to Aon Investments Limited (“Aon”) and we are comfortable with the management and monitoring of ESG integration and stewardship of the underlying managers that has been carried out on our behalf.

How voting and engagement policies have been followed

The Scheme is invested in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment managers, which is in line with the policies set out in our SIP. We reviewed the stewardship activity of the material investment managers carried out over the Scheme year and in our view, most of the investment managers were able to disclose adequate evidence of voting and/or engagement activity. More information on the stewardship activity carried out by the Scheme's investment managers can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, we received quarterly Environmental, Social and Governance ("ESG") ratings from Aon for the funds the Scheme is invested in where available.

During the year, we received training and completed a review of the ESG integration within our portfolio; analysing the MSCI ESG scores for our current investment managers.

Each year, we review the voting and engagement policies of the Scheme's investment managers to ensure they align with our own policies for the Scheme and help us to achieve them.

The Scheme's stewardship policy can be found in the SIP: [Docklands Light Railway Pension Scheme \(aon.com\)](#)

Our Engagement Action Plan

Based on the work we have done for the EPIS, we have decided to take the following steps over the next 12 months:

1. Marshall Wace did not provide any engagement data requested. Aon will engage with the manager on our behalf to better understand its engagement practices and discuss the areas which are behind our expectations.
2. When we invite our investment managers to a meeting we will continue to ask them to cover their ESG and their policies, to get a better understanding of their voting and engagement practices, and how these help us fulfil our Responsible Investment policies.

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Aon's engagement activity

We invest some of the Scheme's assets in Aon's Active Diversifiers Strategy and Active Global Fixed Income Strategy. These are fund of funds arrangements, where Aon selects the underlying investment managers on our behalf.

We delegate monitoring of ESG integration and stewardship of the underlying managers to Aon. We have reviewed Aon's latest annual Stewardship Report and we believe it shows that Aon is using its resources to effectively influence positive outcomes in the funds in which it invests.

Over the year, Aon held several engagement meetings with many of the underlying managers in its strategies. Aon discussed ESG integration, stewardship, climate, biodiversity and modern slavery with the investment managers. Aon provided feedback to the managers after these meetings with the aim of improving the standard of ESG integration across its portfolios.

Over the year, Aon engaged with the industry through white papers, working groups, webinars and network events, as well as responding to multiple consultations.

In 2021, Aon committed to achieve net zero emissions by 2050, with a 50% reduction by 2030 for its fully delegated clients' portfolios and defined contribution default strategies (relative to baseline year of 2019).

Aon also successfully renewed its signatory status to the 2020 UK Stewardship Code, which is a voluntary code established by the Financial Reporting Council that sets high standards on stewardship for asset owners, investment managers and service providers.

Our managers' voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company's stock. We believe that good stewardship is in the members' best interests to promote best practice and encourage investee companies to access opportunities, manage risk appropriately, and protect shareholders' interests. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme's investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme's equity-owning investment managers to responsibly exercise their voting rights.

Voting statistics

The table below shows the voting statistics for each of the Scheme's material funds with voting rights for the year to 31 March 2024.

Funds	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
Coronation - Global Emerging Markets Fund	898	100.0%	8.5%	1.3%
Morgan Stanley Investment management ("MSIM") - Global Brands Fund	563	100.0%	10.3%	0.2%

Source: Managers. Please note that the 'abstain' votes noted above are a specific category of vote that has been cast and are distinct from a non-vote.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser's recommendations.

The table below describes how the Scheme's managers use proxy voting advisers.

Managers	Description of use of proxy voting adviser(s) (in the managers' own words)
Coronation Fund Managers ("Coronation")	We do not outsource the voting of shares as we believe it forms part of our investment offering and approach - it is only those that are close to a company that can make an appropriate determination on the merits of different resolutions and impact to long-term shareholders returns. That being said, we use Institutional Shareholder Services (ISS), a large third-party proxy voting advisor, to access ISS research and voting recommendations. Analysts review in order to gain additional information on complex votes, noting where we are taking views that are not aligned with the broader market.
MSIM	MSIM has retained Research Providers to analyze proxy issues and to make vote recommendations on those issues. While we review the recommendations of one or more Research Providers in making proxy voting decisions, we are in no way obligated to follow such recommendations. MSIM votes all proxies based on its own proxy voting policies in the best interests of each client. In addition to research, ISS provides vote execution, reporting, and recordkeeping services to MSIM.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues.

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Source: Managers

Significant voting examples

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment managers to provide a selection of what they consider to be the most significant votes in relation to the Scheme's funds. A sample of these significant votes can be found in the appendix.

Our managers' engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material managers. The managers have provided information for the most recent calendar year available. Some of the information provided is at a firm-level i.e. is not necessarily specific to the funds invested in by the Scheme.

Funds	Number of engagements		Themes engaged on at a fund/firm level
	Fund level	Firm level	
Barings - Global High Yield Credit Strategies Fund	276 ¹	536	Environment - Climate Change; Natural Resource Use/Impact Strategy, Financial & Reporting - Reporting; Strategy/Purpose; Risk Management
Chorus Capital ("Chorus") - Credit Fund IV Chorus - Credit Fund V	12	12	Environment - Climate Change; Natural Resource Use/Impact; Pollution, Waste Social - Conduct, Culture and Ethics; Human and Labour Rights
Coronation - Global Emerging Markets Fund	164	319	Environment - Climate Change Governance - Remuneration Strategy, Financial & Reporting - Capital Allocation; Reporting; Strategy/Purpose
Aegon Asset Management ("Aegon") - European Asset Backed Securities ("ABS") Fund ²	127	528	Environment - Climate Change Governance - Board Effectiveness - Diversity; Leadership - Chair/CEO; Remuneration Other - General Disclosure
M&G - Sustainable Total Return Credit Investment Fund ²	13	297	Environment - Net Zero/Decarbonisation; Nature and Biodiversity Social - Diversity and Inclusion; Inequality Governance - Board Composition
Boussard & Gavaudan ("BG") - Fund ^{2,3}	19	19	Environment - Climate Change Social - Human Capital Management Governance - Shareholder Rights; Remuneration Strategy, Financial & Reporting - Reporting
Man Group ("MAN") - Alternative Risk Premia Fund ²	<i>Not provided</i>	81	Environment* - Climate Change; Natural Resource Use/Impact Social* - Human and Labour Rights; Public Health Governance* - Remuneration
Marshall Wace LLP ("MW") - Market Neutral ESG Tops Fund ²			<i>Not provided</i>
Invesco - Real Estate Finance Fund	<i>Not provided</i>	206	Environment* - Climate Change Social* - Human and Labour Rights Governance* - Remuneration; Leadership - Chair/CEO Strategy, Financial & Reporting* - Risk Management
MSIM - Global Brands Fund	57	551	Environment - Climate Change; Natural Resource Use/Impact Social - Human Capital Management Strategy, Financial & Reporting - Risk Management Other - Other ESG Topics
Partners Group - Real Estate 2014 Partners Group - Real Estate Secondary 2017	<i>Not provided</i>	>100	Environment* - Climate change Social* - Human capital management (e.g. inclusion and diversity, employee terms, safety) Strategy, Financial and Reporting* - Strategy/purpose

Source: Managers.

**MAN, Invesco and Partners Group did not provide fund-level themes; the themes noted above are at a firm-level.*

¹Indicates number of engagements across Barings Public Fixed Income Platform (i.e. not fund specific).

²Invested via fiduciary manager.

³The manager confirmed that BG Fund is the flagship fund, hence all the firm activity is focused on this Fund.

Data limitations

At the time of writing, the following managers did not provide all the information we requested:

- Barings provided the number of engagements across its Public Fixed Income Platform rather than the separate mandates.
- Marshall Wace did not provide any engagement data requested.
- MAN, Invesco and Partners Group did not provide fund-level engagement data.

This report does not include commentary on certain asset classes such as gilts or cash because of the limited materiality of stewardship to these asset classes.

Appendix – Significant Voting Examples

In the table below are some significant vote examples provided by the Scheme's managers. We consider a significant vote to be one which the manager considers significant. Managers use a wide variety of criteria to determine what they consider a significant vote, some of which are outlined in the examples below:

Coronation - Global Emerging Markets Fund	Company name	TotalEnergies SE
	Date of vote	26-May-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	2.0
	Summary of the resolution	Approve the Company's Sustainable Development and Energy Transition Plan
	How you voted?	Votes supporting resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No
	Rationale for the voting decision	Upon consideration of TotalEnergies' stated targets and the proposed shareholder resolution we assessed the current targets as reasonable in the context of a global energy transition.
	Outcome of the vote	Pass
	Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?	Depending on the materiality of the issue, as a general principle, we find that a strategy of constructive, behind-the-scenes engagement is far more productive than debating issues at a public AGM or through the press. However, when we are not able to achieve the desired results on important issues, we will use other means available to us, such as exercising our voting powers at AGMs, calling special meetings, collaborating with other stakeholders, and, if need be, escalating issues into the public arena via the media. If our best efforts are unsuccessful, we will reassess our investment case and take the appropriate investment action in our portfolios.
	On which criteria have you assessed this vote to be most significant?	Thematic priority, as Climate Change, which includes engaging with companies on the quality of their disclosures; the credibility of their emission reduction plans; and the progress thereof, is one of our key identified engagement priorities.
MSIM - Global Brands Fund	Company name	LVMH Moet Hennessy Louis Vuitton SE
	Date of vote	20-Apr-2023
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	1.5
	Summary of the resolution	Approve Executive Share Option Plan
	How you voted?	Votes against resolution
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	No, MSIM does not share voting intentions with any parties internally or externally prior to the vote.
	Rationale for the voting decision	Inadequate Disclosures
	Outcome of the vote	Pass

Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?

May engage on the topic if considered a financially material long-term ESG risk or opportunity.

On which criteria have you assessed this vote to be most significant?

MSIM considers a vote against management as potentially significant.

Source: Managers